

Message Text

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ACTION FBOE-00

INFO OCT-01 EUR-12 ISO-00 A-01 SY-05 L-03 (ISO) W
-----087400 192316Z /42

R 191526Z APR 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 5495

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 2979

EO 11652: GDS
TAGS: ABLD, ASEC, AFSP
SUBJECT: NEW CHANCERY BUILDING

REF: STATE 093705

1. MUNICIPAL AUTHORITIES ADVISED EMBASSY OFFICIALS APRIL 18 THAT, WHILE THEY WOULD NOT REQUIRE EVENTUAL OWNERS OF PLOTS 1681 AND 1683 TO DESIGN AIR SPACES BETWEEN EXTERIOR WALLS, THEY WOULD ALLOW UAD TO ADAPT ITS OWN CONSTRUCTION ON 1682 TO ASSURE AN AIR SPACE. UAD OFFICIALS LATER CONFIRMED THIS WOULD BE POSSIBLE FOR ALL ABOVE GROUND FLOORS. AS THE THREE BASEMENT LEVEL WALLS HAVE ALREADY BEEN POURED, CONTACT BELOW GROUND LEVEL WITH 1681 AND 83 STRUCTURES MAY NOT BE AVOIDED. THE AIR SPACE CREATED BY UAD COULD NOT BE GREATER THAN APPROXIMATELY 10 CENTIMETERS.

2. UAD OFFICIALS ALSO EMPHASIZED THAT BY ACQUIRING LOTS 1681 AND 1683 NOW, WE COULD ELIMINATE CONTACT EVEN AT THE BASEMENT LEVELS BY REQUIRING EVENTUAL PURCHASERS OF THESE LOTS TO SEPARATE THE FOUNDATIONS BY SEVERAL CENTIMETERS. THEORETICALLY, AS OWNERS OF THE LAND, WE COULD LEVY THIS REQUIREMENT. WHILE ENGINEER ESTEVES WAS PARTICULARLY ADAMANT ABOUT THIS POINT, IT IS NEVERTHELESS ONLY SPECULATION AS THE CAMARA MIGHT NOT PERMIT ANY SUCH DEVIATION FROM THE APPROVED PLAN. THEY WOULD NOT COMMIT THEMSELVES ON THIS POINT.

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3. WHEN PRESSED REGARDING THE PRICE ISSUE, ENGINEER ESTEVEL OF UAD, WITH WHOM FBO GROUPS HELD DISCUSSIONS LAST DECEMBER, INDICATED THAT HE HAD MADE A SIGNIFICANT ERROR WITH HIS ORIGINAL, INFORMAL PRICE ESTIMATE. HE OVERLOOKED VARIOUS SPECIAL INSTALLATIONS FOR AIR CONDITIONING, ELECTRICAL NETWORK, ELEVATORS, ETC., AS WELL AS THE VASTLY INCREASED PRICES IN TODAY'S MARKET TO PURCHASE AND IMPORT THE REQUIRED MATERIALS. APPARENTLY EXPECTING

SUCH A QUESTION, THEY PRESENTED EMBASSY OFFICIALS WITH DETAILED SUMMATION OF THEIR ESTIMATES (TRANSLATION POUCHED APRIL 19). AFTER FURTHER DISCUSSION THE UAD OFFICERS AGREED THAT THE PRICE OFFER OF DOLLARD 6,295,000 MILLION COULD BE LOWERED BY APPROXIMATELY 15 MILLION ESCUDOS (\$375,000 DOLLARS) BY ELIMINATING THE ESCALATORS AND MAKING OTHER "ADJUSTMENTS". OFFER NOW STANDS AT DOLLARS 5.92 MILLION. THIS PRICE CAN BE MAINTAINED UNTIL MAY 31 AFTER WHICH INFLATIONARE PRESSURES WILL INDUCE A SUBSTANTIAL INCREASE. IN ANTICIPATION OF FURTHER BARGAINING, THEY AGREED TO REVIEW ALL ESTIMATES AGAIN TO DETERMINE IF OTHER REDUCTIONS MIGHT BE MADE WHILE MAINTAINING HIGH STANDARDS OF QUALITY FOR WORKMANSHIP AND MATERIALS. THE UAD OFFICIALS ALSO POINTED OUT THAT THE FINAL PRICES FOR EACH COST CATEGORY, SUCH AS A/C, ELECTRICAL INSTALLATION, GLASS, ETC. WOULD DEPEND ON OUR TECHNICAL REQUIREMENTS, AND THUS MIGHT BE HIGHER OR LOWER THAN PRESENT ESTIMATES.

4. UAD OFFICERS EMPHASIZED THAT, WHILE THEIR PRICE IS MUCH HIGHER THAN THE ORIGINAL QUOTE, THE COST OF CONSTRUCTION, 25,000 ESCUDOS PER SQ. METER (\$625/SQ METER), IS STANDARD IN THE EXISTING MARKET AND IS LOW BY U.S. STANDARDS. IN CONSULTATION WITH EMBASSY CONTRACTOR TOUZET, ADMIN OFFICER WAS ADVISED THAT PRESENT COSTS RANGE BETWEEN 20 AND 30,000 ESCUDOS (\$500 TO \$750) PER SQ. METER DEPENDING ON THE QUALITY. THE INFORMAL ESTIMATE GIVEN EMBASSY OFFICIALS FOR THE BANCO ATLANTICO BUILDING NOW UNDER CONSTRUCTION ON AVENIDA MALHOA WAS DOLLARS 4 MILLION. CONFIDENTIAL

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THIS BUILDING WILL HAVE 8,261 GROSS SQUARE METERS. A BANK OFFICIAL ADVISED THAT THIS FIGURE IS BASED ON A COST ESTIMATE OF DOLLARS 625 PER SQ METER FOR COMMERCIAL OFFICE SPACE AND DOLLARS 250 PER SQ. METER FOR GARAGE SPACE.

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 5496

C O N F I D E N T I A L SECTION 2 OF 2 LISBON 2979

5. WHILE A SIGNIFICANT IMPROVEMENT OVER THE SECURITY POSTURE AT THE PRESENT CHANCERY, SOME PROBLEMS MIGHT DEVELOP AT THE UAD BUILDING BECAUSE OF THE ACCESS ROAD. IF THE CONNECTION WERE EVER MADE WITH THE EXTENDED LIBERDADE, THE ACCESS ROAD COULD BECOME A SHORT-CUT BETWEEN MALHOA AND LIBERDADE, RATHER THAN JUST AN EXTRA ENTRANCE/EXIT FOR EMPLOYEES AND VISITORS TO THE UAD AND THE BUILDING ON LOT 1681. THE EXTENT OF EVENTUAL USE OF THIS PARTICULAR ROAD IS, HOWEVER, DIFFICULT TO GUAGE SINCE OTHER ACCESS POINTS ARE ALSO PLANNED BETWEEN MALHOA AND LIBERDADE. UNTIL THE ACCESS ROAD IS ACTUALLY CONNECTED TO LIBERDADE, IT WILL SERVE ONLY AS ENTRANCE/EGRESS FOR THOSE WORKING AND VISITING BOTH BUILDINGS. IN THIS CASE, AN ADEQUATELY CONTROLLED GATE AT OPENING TO THE GARAGE FROM THE ACCESS DRIVE WOULD BE THE MINIMUM REQUIRED.

6. PRESENT PURCHASE OPTION ON LOTS 1681 AND 1683 HAS BEEN EXTENDED UNTIL MAY 1. FURTHER EXTENSION MAY BE QUITE DIFFICULT AND/OR COSTLY.

7. EMBASSY VELIEVES THAT CLEARLY THE MOST ATTRACTIVE OFFER MADE TO DATE IS THE 5,000 SQ. METTER LOT IN PRACA DE ESPANHA OFFERED BY THE CAMARA MUNICIPAL. IDEALLY, THE PRESENT CONGRESSIONAL APPROPRIATION COULD BE USED TO PURCHASE THE LOT AND THEN CONSTRUCT A CHANCERY BUILDING DESIGNED TO MEET OUR PRECISE RE-
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QUIREMENTS. UNDER THE BEST OF CIRCUMSTANCES, THE UAD OR THE BANCO ATLANTICO BUILDING WOULD BE READY FOR OCCUPANCY BY SUMMER OF 1980. IF THE EMBASSY COULD MOVE TO A CHANCERY IN PRACA DE ESPANHA BY 1982, ATTAINMENT OF THE IDEAL SITUATION WOULD BE WORTH THE EXTRA TIME. GIVEN THE STATE OF OUR PRESENT CHANCERY, DELAY BEYOND THAT POINT WOULD BE UNACCEPTABLE.

8. WHATEVER THE CASE, WE BELIEVE AN FBO TEAM SHOULD ARRIVE IN LISBON AS SOON AS POSSIBLE TO NEGOTIATE A FINAL ARRANGEMENT.
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